

## Message Text

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17

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 SS-15

NSC-05 SSO-00 NSCE-00 INRE-00 EUR-12 /063 W

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O R 190622Z AUG 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 7792

INFO AMEMBASSY ROME

C O N F I D E N T I A L NEW DELHI 12127

ROME FOR DWOR

FOLLOWING TEL BOMBAY 2182 DTD 17 AUG 76 RCVD NEW DELHI

BEING REPEATED TO YOU. QUOTE

C O N F I D E N T I A L BOMBAY 2182

EO 11652: GDS

TAGS: EAIR IN

SUBJ: BOEING AND INDIAN AIRLINES PROCUREMENT

REF: A) BOMAY 2099 B) NEW DELHI 11645

1. BOMBAY AUGUST 17 EDITION OF THE INDIAN EXPRESS CARRIED ANOTHER TWO-COLUMN, DELHI DATED STORY ON PROSPECTIVE PROCUREMENT OF JET AIRCRAFT BY INDIAN AIRLINES WHICH POINTED UP MERITS OF F28 AND CRITICIZED BOEING 737. HOALF OF STORYIS DEVOTED TO SHORT-COMINGS OF 737 IN MEETING PRIMARY REQUIREMENTS OF CURRENT INDIAN AIRLINES PROCUREMENT. EXPRESS SAYS, "BOEING DOES NOT REALLY HAVE A SHORT-HAUL PLANE TO COMPETE WITH THE F-28 AND 111 SO THEY PITCHED IN WITH AN OFFER TO EQUIP THE 737 WITH LOW PRESSURE TIRES AND MORE POWERFUL ENGINES SO THAT IT CAN OPERATE FROM SHORT AND LOW STRENGTH RUNWAYS AS THE OTHER TWO PLANES CAN". OF COURSE THIS IS A WILD DISTORTION AS THE NORMAL 737 CAN DO BETTER THAN MEET THE TWO COMPETITORS ON EVEN TERMS. MOREOVER, THE PRIMARY

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REQUIREMENTS OF CURRENT INDIAN AIRLINES' PROCUREMENT ARE CAPA-

BILITY TO FLY TO THE ANDAMANS WHICH IS A LONG HAUL TRIP AND THE ABILITY TO TAKE OFF WITH A GOOD PAYLOAD FROM THE HIGH ALTITUDE AND SOFT RUNWAYS IN LADAKH.

2. DURING THE PAST WEEK, CONGEN AND USIS BPAO HAVE TALKED WITH JEAN MAECKJI, BOEING'S MAN-ON-THE-SPOT IN BOMBAY ABOUT THE NEED TO COUNTERACT SUCH PUBLICITY. UNTIL TODAY, MAECKJI HAD BEEN ALTOGETHER UNRESPONSIVE, BELIEVING THAT BOEING HAD THIS OFFER SEWED UP AND THAT THERE WAS NO NEED TO GET INTO A PUBLIC BRAWL WITH ITS COMPETITORS. IN EFFECT HE SEEMED TO BE SUGGESTING GENTLY THAT USG OFFICIALS TEND THEIR OWN "TIDDLYWINKS". HOWEVER, WHEN CONGEN TALKED AGAIN WITH HIM TODAY AFTER THE EXPRESS STORY HE SAID THAT IN YESTERDAY'S COMBINED AIR INDIA AND INDIAN AIRLINES BOARD MEETING, BOEING 737 SET BACK STEMMED FROM POOR FINANCING OFFER BY EXIM AND THEREFORE PUBLICITY ON THE TECHNICAL MERITS OF THE PLANE WOULD DO NO GOOD. CONGEN POINTED OUT THAT A DIFFERENCE OF EVEN 2 PERCENT IN INTEREST RATE COULD NOT SWING THIS PROCUREMENT TO F-28 IF INDIAN AIRLINES REALLY BELIEVED THAT 737 IS TECHNICALLY SUPERIOR. MANECKJI FINALLY RELENDED AND AGREED THAT SOMETHING SHOULD PROBABLY BE DONE TO COUNTER THE BAD PUBLICITY, WHILE AT THE SAME TIME AN EFFORT SHOULD BE MADE TO GET EXIM TO MEET THE COMPETITORS' CREDIT TERMS.

3. MANECKJI SAID THAT MIKE FITZGERALD, BOEING REPRESENTATIVE, IS NOW IN NEW DELHI AND HE WILL CALL HIM WITH SUGGESTION THAT SOMETHING BE DONE TO COUNTER THE ADVERSE PUBLICITY ON THE TECHNICAL MERITS OF THE 737. MANECKJI'S FIRST IDEA WAS TO HOLD A PRESS CONFERENCE TO REBUT THE FOUR OR FIVE ERRONEOUS POINTS IN THE EXPRESS STORY. CONGEN POINTED OUT THAT WHILE A PRESS CONFERENCE WOULD BE ONE WAY OF GETTING AT THE PROBLEM, IT MIGHT BE PREFERABLE TO SIMPLY ISSUE A FACTUAL STORY ON THE 737'S BETTER TRACK RECORD, EG, OUTSELLING ITS COMPETITORS ALL OVER THE WORLD AND ITS CAPABILITIES EVEN WITHOUT THE IMPROVEMENTS IN TIRES AND ENGINES TO OUTPERFORM ITS COMPETITORS ON INDIAN AIRLINES ROUTES. THE DESIGN OF A COUNTERATTACK IS OBVIOUSLY A JOB FOR PUBLICITY PROFESSIONALS AND SHOULD NOT BE TACKLED IN THE PRECIPITATE WAY THAT MANECKJI SEEMS TO BE SUGGESTING. PROBABLY FITZGERALD WILL GET IN CONTACT WITH THE EMBASSY TO TRY TO DEAL WITH THIS MATTER IN AN EFFECTIVE WAY.

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4. COMMENT: FOR SOME REASON THE BOEING PEOPLE SEEM DETERMINED TO AVOID PUBLICLY EXTOLLING THE MERITS OF THEIR PLANE. THEY SEEM TO FEEL THAT THEY ARE BETTER SERVED BY QUIET CONCENTRATION ON THE TECHNICAL MERITS OF THEIR AIRCRAFT. THIS TECHNIQUE PREVAILED IN INDIA UNTIL THE LOSS OF THE TRUNK LINE EQUIPMENT CONTRACT TO THE AIRBUS, AND CONTINUING IT IN THE PRESENT CASE MAY RISK LOSING THE SMALLER AIRCRAFT SIDE OF THE BUSINESS. FOKKER AND BAC OBVIOUSLY ARE PUTTING OUT A LOT OF PUBLICITY IN THE HOPE OF

GENERATING PRESSURE ON BOARD MEMBERS TO CHOOSE AN AIRCRAFT THAT  
THE PUBLIC IS BEING LED TO BELIEVE IS SUPERIOR TO THE 737.  
CONGEN KNOWS FROM TALKS WITH PEOPLE ON THE BOARD AND CLOSE TO  
BOARD MEMBERS THAT THIS PUBLICITY IS PUTTING ADVOCATES OF THE 737  
ON THE DEFENSIVE. THE BPAO AND I BOTH BELIEVE THAT THE LOCAL  
BOEING PEOPLE HERE ARE BECOMING SOMEWHAT RESENTFUL OF OUR  
EFFORTS TO ASSIST IN THESE SALES. I BELIEVE THEY WOULD HAVE  
CONTINUED THIS RESISTANCE HAD THEY NOT BEGUN TO FEEL THAT THERE IS  
NOW A REAL DANGER THAT THEIR TACTICS WILL NOT BE SUCCESSFUL.  
COURTNEY

UNQUOTE.  
SAXBE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** JET AIRCRAFT, AIRCRAFT SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NEWDE12127  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760317-1324  
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**Handling Restrictions:** n/a  
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**Line Count:** 128  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 NEW DELHI 11645  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 MAY 2004 by izenbei0>; APPROVED <26 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BOEING AND INDIAN AIRLINES PROCUREMENT  
**TAGS:** EAIR, IN, BOEING, INDIAN AIRLINES  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006